



Multifamily Tax Exemption Program

Frequently Asked Questions for Applicants and Tenants (Updated 2/1/2016)

What is the Multifamily Tax Exemption (MFTE) program?

The MFTE program provides property owners a tax exemption on residential portions of buildings in return for designating 20%-25% of the apartments at the property as affordable for moderate-wage households. As of February 2016, approximately 130 properties in Seattle are participating in the program and another 90+ properties are in development and expected to begin leasing MFTE units between 2016-2018.

Program Eligibility

Am I eligible to rent an MFTE unit?

MFTE units are open to anyone meeting the income criteria for the program and the property's rental policies. Units are income-restricted at a percentage of Area Median Income (AMI), based on the unit type, the number of tenants in the household, and the regulations in place when the property was approved for MFTE. A matrix of income and rent limits can be found on the Office of Housing [website](#) and is updated annually. Property managers will verify income for the household during the application process, during which time applicants must disclose anticipated income and assets for the 12 months after the anticipated move-in date. Households with combined incomes over the maximum limit will not qualify. Assets generally do not count as income, but the income from the assets (interest or recurring withdrawals) may count as income.

Are students eligible for MFTE?

Yes, students are eligible for MFTE units provided they meet the income criteria and property rental policies. Student loans, grants and work study do not count as income for the purposes of the MFTE program. However, any income from assets (such as savings account interest), part-time jobs, and gift income (such as regular contribution from family) does count as income.

Application and Income Verification

How do I know if a property participates in MFTE?

Seattle's Office of Housing (OH) regularly updates a [list of all properties participating in MFTE](#) on our [website](#) under "Private Apartment Buildings". The list also includes information on up and coming properties that, while not officially MFTE, may be leasing rent restricted units at MFTE rates in the near future. OH does not have real-time access to vacancy information at the properties, and MFTE units are in high demand. For the most up to date information on vacancies and waitlists, please contact the property leasing staff directly, or use an online housing locator, such as [Apartmentfinder.com](#), [Rent.com](#), [Apartments.com](#), [HousingSearchNW](#), and [Craigslist](#).

How do I apply to the MFTE program?

Interested applicants should search for properties meeting their criteria using the [MFTE property list](#) and direct all inquiries regarding unit availability to property leasing staff. Properties participating in the program that have openings will contact you regarding their application process and will provide you with income verification forms and next steps. **Note that the Office of Housing does not place applicants in housing or maintain any waitlists.**

What if my income increases above the maximum after I qualify at move-in?

Under current program rules, once tenants are qualified for the MFTE program at initial lease signing, they are qualified for the duration of their tenancy or until the property no longer receives a tax exemption, whichever comes first. There are some exceptions to this. Households will be expected to recertify their income if their household size changes, if new tenants are added to the lease or if tenants transfer to another unit in the same building that has a lower income limit than the original unit. If the new income amount is over the maximum at recertification, a household may no longer qualify for MFTE.

I read that the new MFTE ordinance requires tenant income verifications every year. Does this apply to me?

The new ordinance does not apply to any properties that submitted applications to the MFTE program prior to November 1st, 2015. These properties are listed as P2, P3, or P4 on the [MFTE property list](#). For each of these properties, there is only one required household income verification at move-in. Additional income verifications will likely be related to changes in household composition or for some transfers.

Annual income certifications will be required only for new properties applying to the MFTE program after November 1st, 2015. These properties will be referred to as “P5” (Program 5) on the [MFTE property list](#). As of 2/1/2016, there are no P5 properties ready for occupancy.

Program 5 properties will be required to income verify all MFTE households on an annual basis for the duration of the 12 year tax exemption. Residents are expected to submit all income documentation at the property manager's request in order to remain eligible for their MFTE rent restriction. Once a household's total income increases over 150% of the current income limit of the unit, the household will no longer be eligible for MFTE and will revert to market rate upon lease renewal. For example, if the current income limit is \$45,000, the household will no longer be eligible once an income verification determines that total household income is over \$67,500 (\$45,000 x 1.5). Once determined to be ineligible, the household has the option to remain in the unit. However, upon lease renewal the household will no longer be entitled to a restricted rent through the MFTE program. In this case, properties would then designate the next comparable available unit as MFTE, renting only to an income eligible household.

Can properties require a minimum amount of income?

Properties may have a minimum income requirement, such as a gross monthly household income that is at least three times the monthly rent. Check with the property directly for their policies. In no cases may a property's income minimum be above the MFTE income maximum.

Note that what MFTE counts as income for its maximum and what the property counts for its minimum may differ. For example, the property may allow an MFTE-qualified tenant who earns under the minimum amount of income to have a guarantor that agrees to pay in the event that the tenant can't make rent. The qualifying tenant's income will not increase for the purposes of the MFTE program provided the guarantor is not actually giving the qualifying tenant gift income on a regular basis.

Rent Restrictions

How much rent do I pay?

Each year, OH calculates maximum rents for MFTE units based on HUD income limits and publishes a schedule on our website. Rents are restricted based on unit size (studio, 1 bedroom, 2 bedroom, etc.) and the program rules effective at the time the property applied to the MFTE program. For most new properties, the maximum rent in 2015 is \$1,020 for studios, \$1,344 for one bedrooms and \$1,714 for 2 bedrooms. In the affordable housing world, maximum rents represent total housing cost to the tenant, defined as the sum of rent, any mandatory recurring fees charged by the property as a condition of tenancy (including renters insurance), and any utilities that are the tenants responsibility.

When tenants are responsible for utilities, the property must deduct a [utility allowance](#) from the maximum allowable rent. Once all other mandatory fees are deducted, the property can then charge “as rent” up to the adjusted rent maximum. The tenant is then responsible for paying all utility bills outlined in the lease regardless of actual cost, even in cases where total utility bills exceed the utility allowance deduction.

For example, the maximum rent for a 1 bedroom unit leased in 2015 is \$1,344. If the tenant is expected to pay for renters insurance (-\$12 a month) and for electricity and gas heat (-\$40 utility allowance), the maximum rent charged to the tenant may not exceed \$1,292. Optional fees such as for parking or recreational facilities do not reduce the rent, as they are not a mandatory condition of living in the unit. Mandatory parking fees, however, would reduce the max rent that can be charged to the tenant even further.

Once I’m a tenant in an MFTE unit, does my rent ever increase?

Yes. Rent maximums are dependent on the area median income (AMI) in the Seattle region, and generally increase 2-3% each year. Property managers must honor the MFTE rent designated in your lease, but may increase the rent to reflect the current rates effective at the time of your lease renewal. When the property’s tax exemption expires, properties can charge a market-rate rent for the formerly MFTE units upon the next lease renewal.

MFTE rents are too high! What are my options if I can’t afford an MFTE rent?

The MFTE program rent maximums are set to be affordable for low to moderate income households. If MFTE rents will not work with your budget, OH recommends contacting nonprofit housing providers for additional assistance in locating more affordable options. A list of nonprofit organizations and their contact information is available on our [website](#).

How long is my MFTE unit rent-restricted?

Properties participating in the MFTE program receive a tax exemption for a period of 10 to 12 years, during which a percentage of the units must be restricted to affordable rents. Rents will no longer be restricted by the MFTE program when the tax exemption period expires, and may revert to market rate upon your next lease renewal. If you have concerns about when a property’s exemption ends, contact OH staff directly at the address below.

Can the property charge a month-to-month lease fee?

Technically, yes. However, it is treated as a mandatory fee and can be charged only if it does not cause the rent to go over the maximum allowable. If the property charges a month-to-month fee to all units as a matter of policy, the maximum rent must be adjusted accordingly.

General Program Questions**My building is at the end of its 12 year affordability period. Can the owner renew their tax exemption and keep units affordable?**

No. Under current code, the property does not have the option to renew their tax exemption through the MFTE program once it expires.

Can properties restrict the number of tenants per bedroom?

Fair Housing law allows housing providers to establish reasonable limits on the number of occupants allowed in each rental apartment. HUD has stated that a two-person-per-bedroom occupancy standard is generally reasonable; however, this is not absolute. Please contact Justin Bombara at justin.bombara@seattle.gov if you believe a property is being unduly restrictive regarding the number of occupants.

Does MFTE restrict one-time lease fees, late rent fees, security deposits, “administrative fees”, etc.?

The MFTE program does not currently restrict any one-time fees or deposits, provided they are customary and are identical to those charged to market rate tenants. This means properties cannot charge an additional fee for MFTE participation.

Who can I contact if I believe there is a mistake regarding my income eligibility, rent, etc.?

Contact Justin Bombara at justin.bombara@seattle.gov, 206-233-5128. OH is committed to keeping inquiries anonymous to the greatest extent possible; however, remedying property compliance issues will require working with property management/owners on your specific situation.